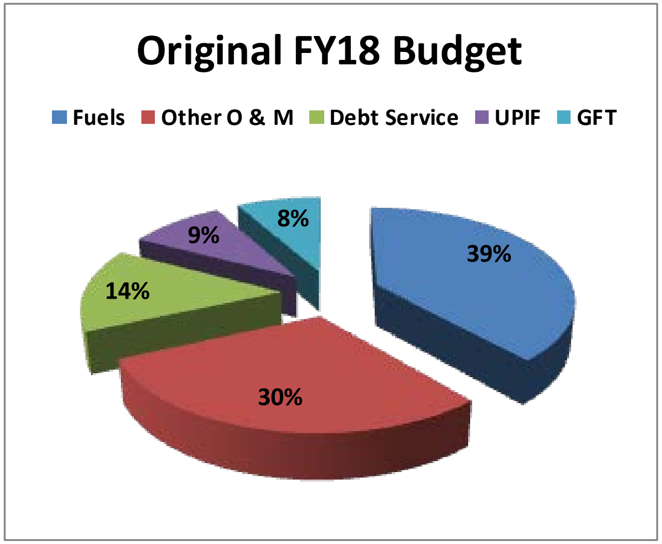
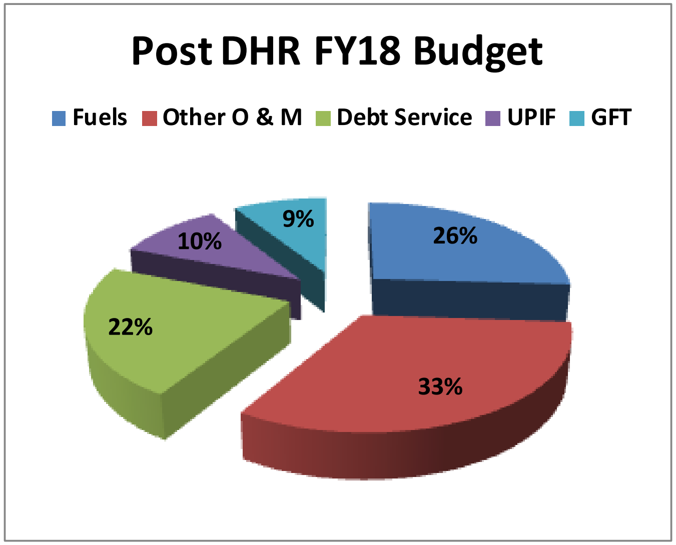
Gainesville Regional Utilities
FY19 Budget

Debt Service, Liquidity & Reserves Review

May 2018

GRU[SM]
More than Energy





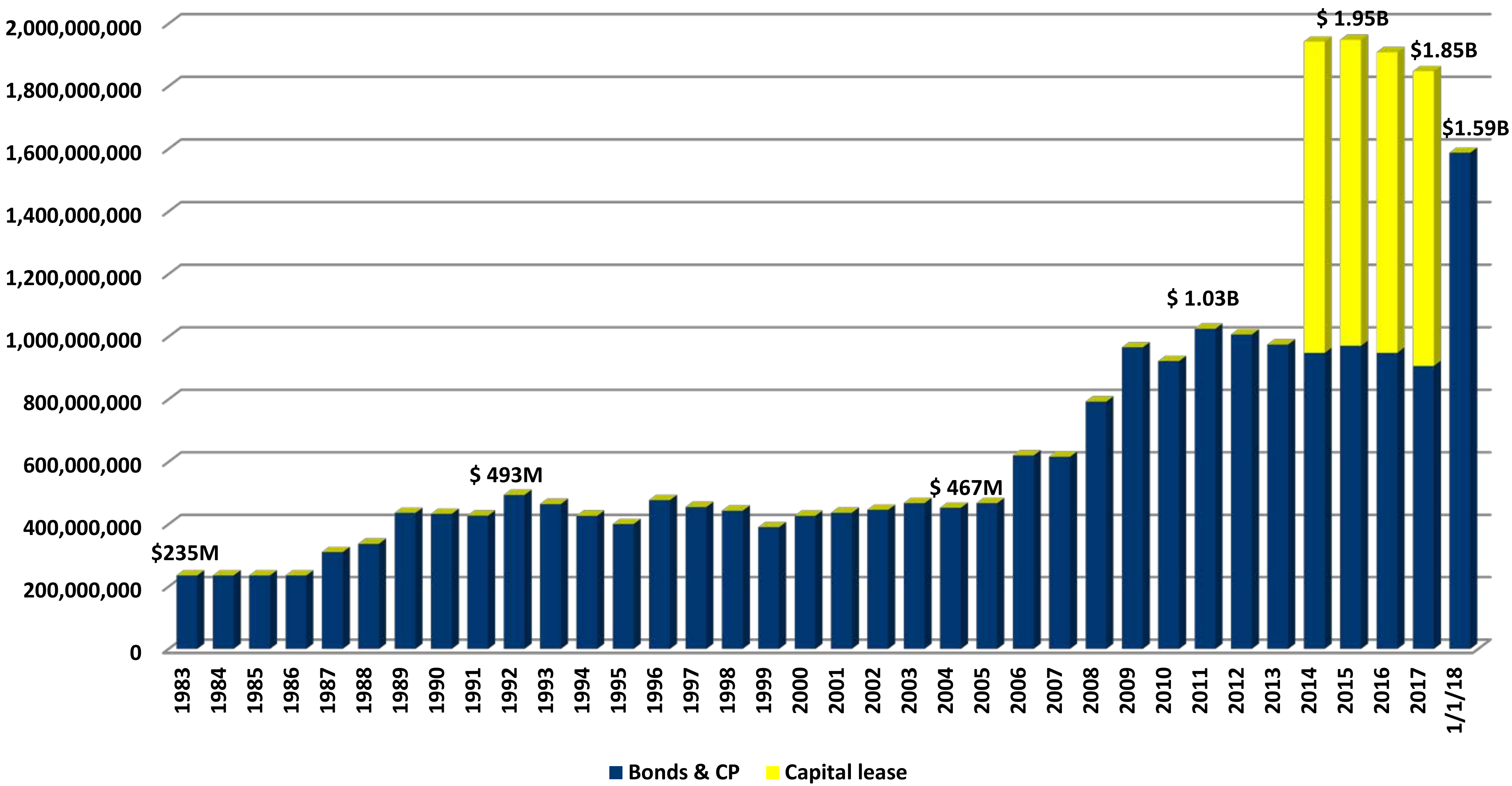
Fuels	172,978,711
Other O & M	133,077,434
Debt Service	64,472,317
UPIF*	41,120,553
GFT	36,379,080
Total	448,028,095

Fuels	105,966,791
Other O & M	133,077,434
Debt Service	90,489,592
UPIF*	41,120,553
GFT	36,379,080
Total	407,033,450

* UPIF is 46,120,553 net of 5,000,000 in UPIF to be used for debt service

More than Energy

GRU Debt Outstanding at FYE (Principal)

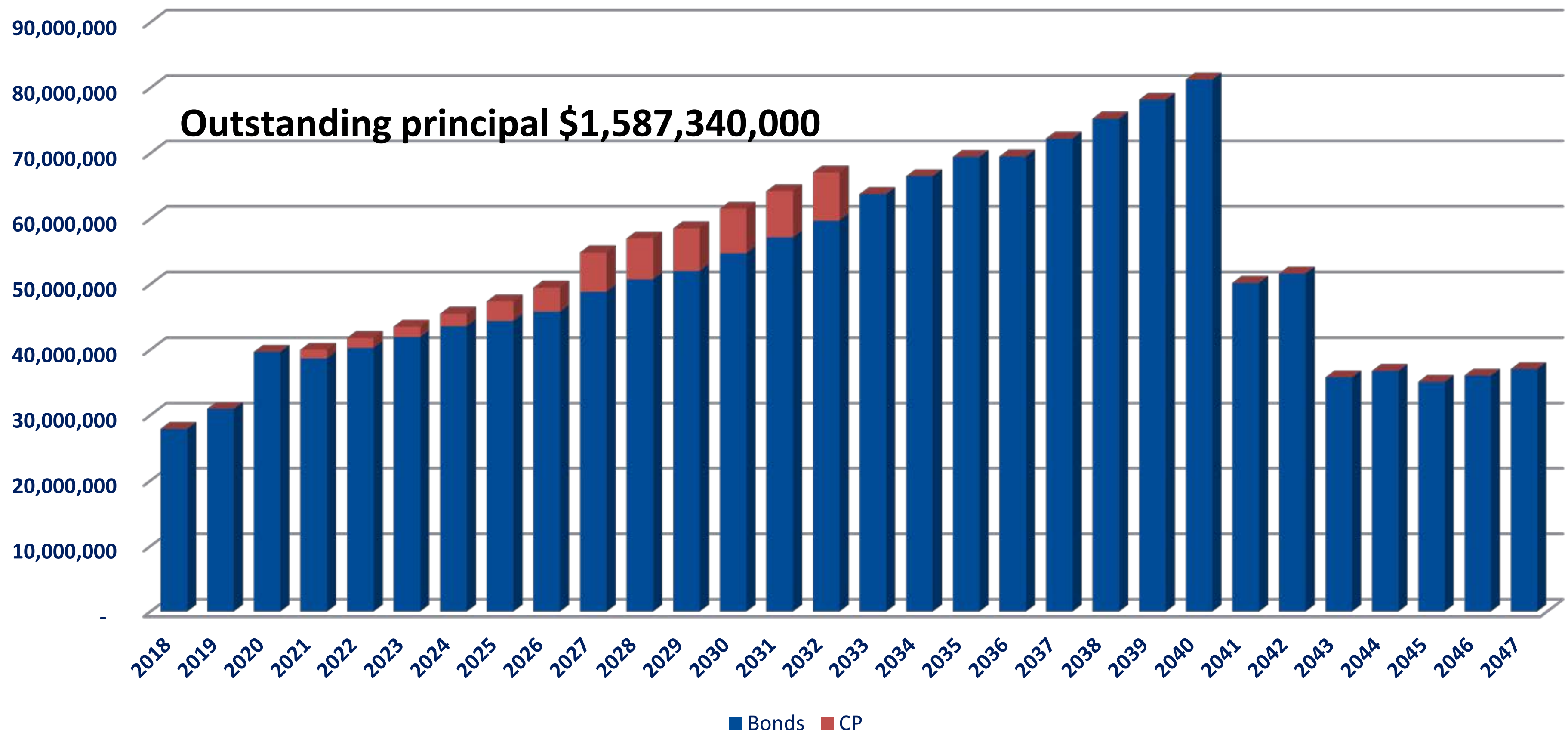


Period ending	Projected	Total Issue: 2017A, 2017B & 2017C			
October 1	PPA Payments	Principal	Interest	Total Debt Svc	Savings
2018	74,038,000	3,000,000	23,017,275	26,017,275	48,020,725
2019	73,973,000	5,000,000	25,999,750	30,999,750	42,973,250
2020	74,093,000	12,580,000	26,324,750	38,904,750	35,188,250
2021	73,844,000	13,175,000	25,983,250	39,158,250	34,685,750
2022	73,781,000	13,770,000	25,324,500	39,094,500	34,686,500
2023	73,718,000	14,395,000	24,636,000	39,031,000	34,687,000
2024	73,841,000	15,235,000	23,916,250	39,151,250	34,689,750
2025	73,595,000	15,750,000	23,154,500	38,904,500	34,690,500
2026	73,534,000	16,480,000	22,367,000	38,847,000	34,687,000
2027	73,474,000	17,245,000	21,543,000	38,788,000	34,686,000
2028	73,599,000	18,230,000	20,680,750	38,910,750	34,688,250
2029	73,355,000	18,900,000	19,769,250	38,669,250	34,685,750
2030	73,297,000	19,785,000	18,824,250	38,609,250	34,687,750
2031	73,239,000	20,715,000	17,835,000	38,550,000	34,689,000
2032	73,367,000	21,880,000	16,799,250	38,679,250	34,687,750
2033	73,125,000	22,730,000	15,705,250	38,435,250	34,689,750
2034	73,069,000	23,810,000	14,568,750	38,378,750	34,690,250
2035	73,014,000	24,945,000	13,378,250	38,323,250	34,690,750
2036	73,144,000	26,325,000	12,131,000	38,456,000	34,688,000
2037	72,904,000	27,400,000	10,814,750	38,214,750	34,689,250
2038	72,850,000	28,720,000	9,444,750	38,164,750	34,685,250
2039	72,797,000	29,815,000	8,295,950	38,110,950	34,686,050
2040	72,929,000	31,140,000	7,103,350	38,243,350	34,685,650
2041	72,692,000	31,780,000	6,242,785	38,022,785	34,669,215
2042	72,640,000	32,540,000	5,458,995	37,998,995	34,641,005
2043	72,589,000	33,320,000	4,656,461	37,976,461	34,612,539
2044		34,170,000	3,834,690	38,004,690	(38,004,690)
2045		35,055,000	2,972,337.50	38,027,337.50	(38,027,338)
2046		36,020,000	2,008,325	38,028,325	(38,028,325)
2047		37,010,000	1,017,775	38,027,775	(38,027,775)
	1,906,501,000.00	680,920,000.00	453,808,194.44	1,134,728,194.44	771,772,805.56

Average annual savings $25,725,760

GRU[SM] More than Energy

GRU Debt @ 1/1/18: Outstanding Principal

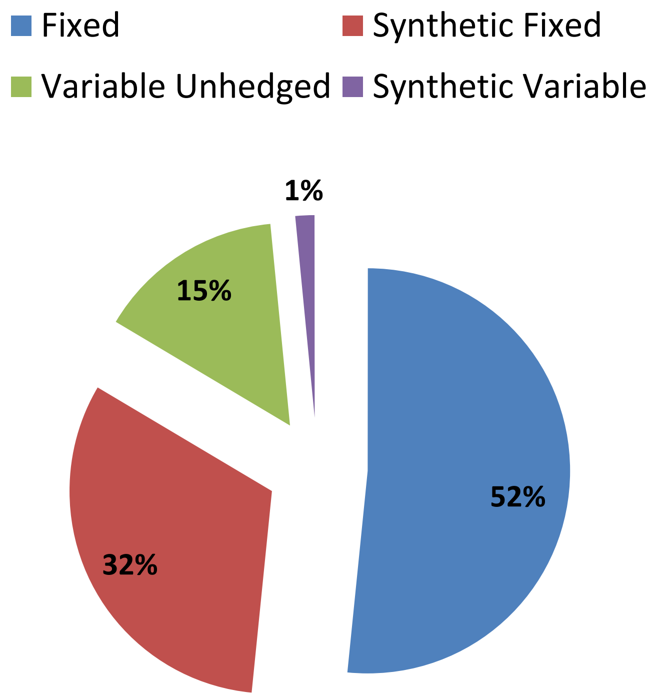


GRU Debt History by Series

Series	Issue Date	Issue Amount	Principal Paid as of 1/1/18	Refunded	Outstanding as of 1/1/18	Final Maturity
1983	August 1, 1983	186,000,000	13,530,000	172,470,000	-	
1987A	August 1, 1987	74,867,331	10,600,000	64,267,331	-	
1989A	January 15, 1989	100,366,362	-	100,366,362	-	
1992A	March 1, 1992	73,000,000	9,270,000	63,730,000	-	
1992B	March 1, 1992	61,920,000	25,275,000	36,645,000	-	
1993A & B	March 1, 1993	163,975,000	50,050,000	113,925,000	-	
1993C	August 1, 1993	20,935,000	20,935,000	-	-	
1993 Sub.	August 1, 1993	51,575,000	51,575,000	-	-	
1996A	February 1, 1996	143,215,000	32,115,000	111,100,000	-	
2002A & B	June 25, 2002	77,300,000	12,000,000	65,300,000	-	
2003A & B	January 30, 2003	40,625,000	7,625,000	33,000,000	-	
2003C	July 18, 2003	115,925,000	115,925,000	-	-	
2005A	November 3, 2005	196,950,000	-	196,545,000	405,000	2036
2005B	November 3, 2005	61,590,000	16,040,000	31,560,000	13,990,000	2021
2005C	June 26, 2006	55,135,000	11,340,000	17,570,000	26,225,000	2026
2006A	February 23, 2007	53,305,000	8,965,000	25,930,000	18,410,000	2026
2007A	February 6, 2008	139,505,000	2,960,000	-	136,545,000	2036
2008A	February 6, 2008	105,000,000	36,030,000	52,495,000	16,475,000	2020
2008B	September 16, 2009	90,000,000	-	-	90,000,000	2038
2009A	September 16, 2009	24,190,000	24,190,000	-	-	
2009B	November 10, 2010	156,900,000	8,995,000	-	147,905,000	2039
2010A	November 10, 2010	12,930,000	-	-	12,930,000	2030
2010B	November 10, 2010	132,445,000	-	-	132,445,000	2040
2010C	November 10, 2010	16,365,000	3,340,000	-	13,025,000	2034
2012A	July 13, 2012	81,860,000	-	-	81,860,000	2028
2012B	July 24, 2012	100,470,000	-	-	100,470,000	2042
2014A	December 11, 2014	37,980,000	145,000	-	37,835,000	2044
2014B	December 11, 2014	30,970,000	6,070,000	-	24,900,000	2036
2017A	November 7, 2017	415,920,000	-	-	415,920,000	2040
2017B	November 7, 2017	150,000,000	-	-	150,000,000	2044
2017C	November 7, 2017	115,000,000	-	-	115,000,000	2047
CP Series C		45,000,000	-	-	45,000,000	2032
CP Series D		8,000,000	-	-	8,000,000	2026
		3,139,218,693	466,975,000	1,084,903,693	1,587,340,000	

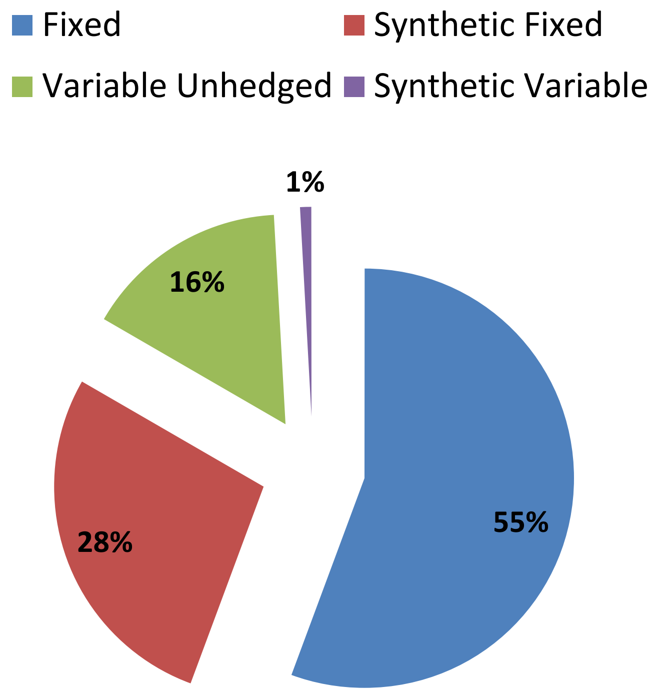
GRU More than Energy

Composition of Debt Pre DHR Acquisition



Fixed	$467,780,000
Synthetic Fixed	289,385,000
Variable Unhedged	135,265,000
Synthetic Variable	13,990,000
Total O/S	$906,420,000

Composition of Debt Post DHR Acquisition

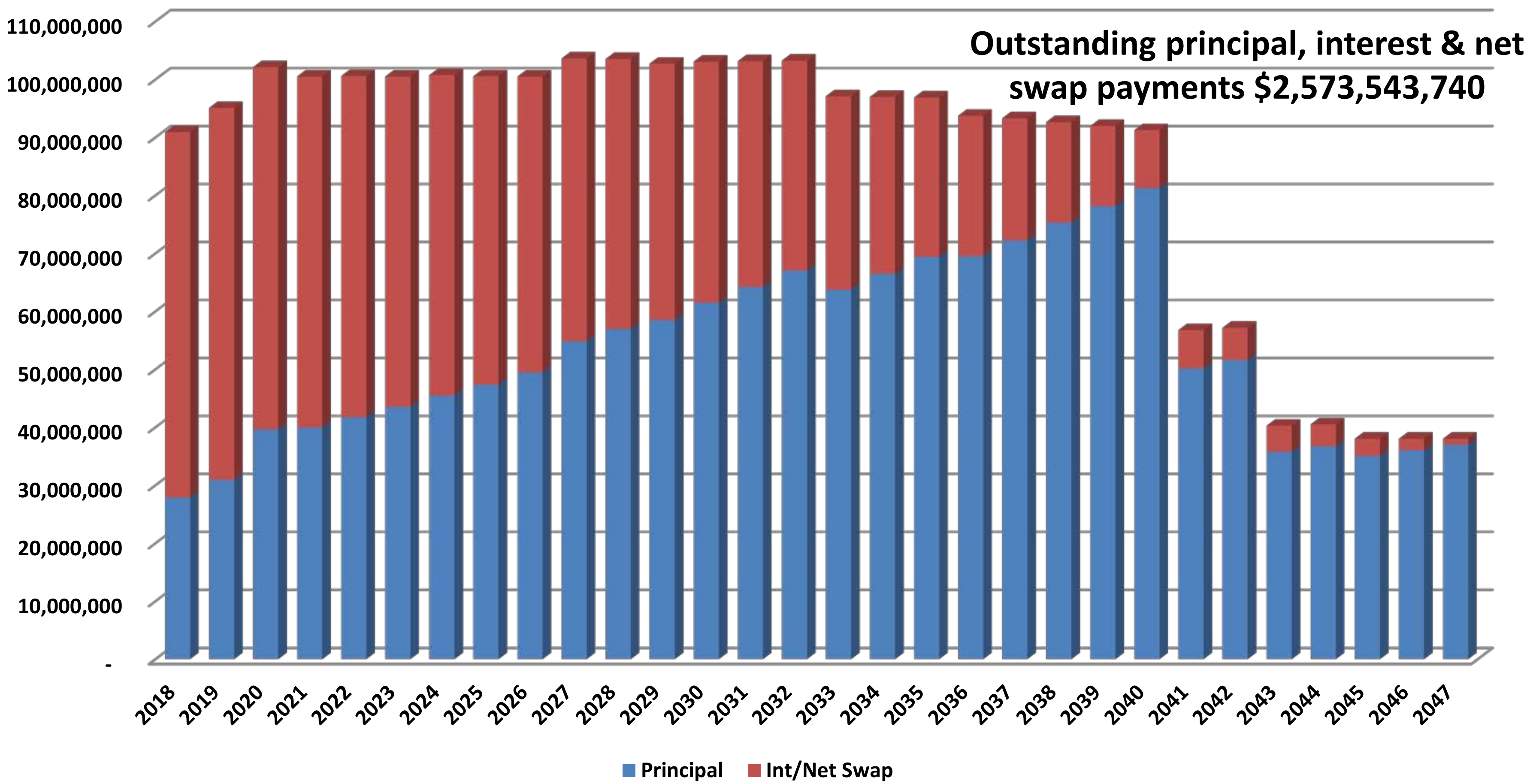


Fixed	$883,700,000
Synthetic Fixed	439,385,000
Variable Unhedged	250,265,000
Synthetic Variable	13,990,000
Total O/S	$1,587,340,000

COMPOSITION OF DEBT						
Series	Fixed	Variable Swapped to Fixed	Variable Unhedged	Fixed Swapped to Variable	Variable Partially Hedged/fixed	Total
2005A	405,000					
2005B				13,990,000		
2005C		26,225,000				
2006A		18,410,000				
2007A		136,545,000				
2008A	16,475,000					
2008B		90,000,000				
2009B	147,905,000					
2010A	12,930,000					
2010B	132,445,000					
2010C	13,025,000					
2012A	81,860,000					
2012B			82,265,000		18,205,000	
2014A	37,835,000					
2014B	24,900,000					
2017A	415,920,000					
2017B		150,000,000				
2017C			115,000,000			
CP Series C		-	40,000,000			
CP Series C			5,000,000			
CP Series D			8,000,000			
	883,700,000	421,180,000	250,265,000	13,990,000	18,205,000	1,587,340,000

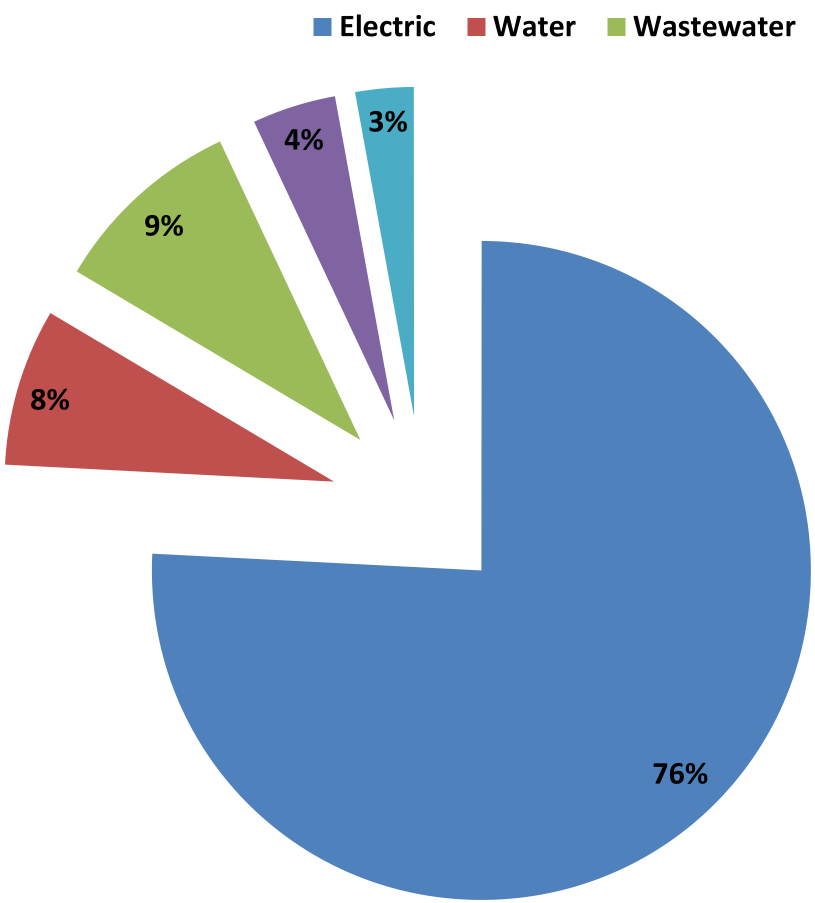
GRU Debt @ 1/1/18: Principal, Interest & Net Swap Payments

Does not include BABS Rebates



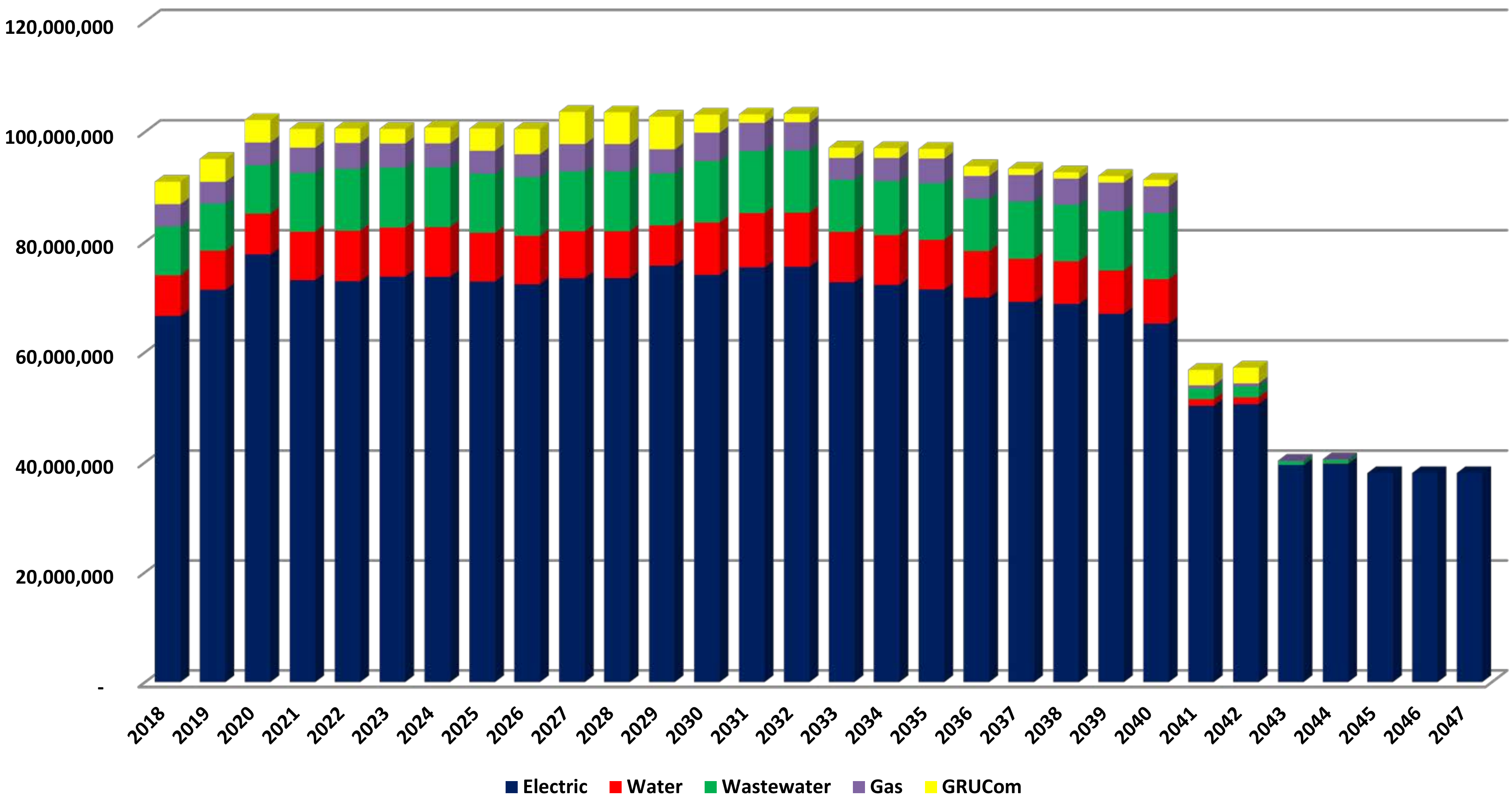
GRU More than Energy

Principal, Interest & Net Swap Payments by System



	Principal	Int. & Net Swap Pmts.	Total	%
Electric	1,205,434,500	745,854,249	1,951,288,750	75.82
Water	120,203,922	78,235,446	198,439,368	7.71
Wastewater	146,738,083	97,220,798	243,958,881	9.48
Gas	62,419,500	43,522,747	105,942,246	4.12
GRUCom	52,543,995	21,370,500	73,914,495	2.87
Total	1,587,340,000	986,203,740	2,573,543,740	100.00

Principal, Interest & Net Swap Payments by System



GRU More than Energy

Debt Service Schedule - Total

Fiscal Year	Principal	Interest	Net Swap	Total
2018	27,885,000	57,087,810	5,946,845	90,919,655
2019	30,935,000	59,014,689	5,123,966	95,073,655
2020	39,635,000	58,170,449	4,312,310	102,117,759
2021	39,965,000	56,703,451	3,846,673	100,515,124
2022	41,760,000	55,066,928	3,757,096	100,584,024
2023	43,500,000	53,367,588	3,645,774	100,513,362
2024	45,465,000	51,805,994	3,474,489	100,745,483
2025	47,360,000	49,929,926	3,262,969	100,552,895
2026	49,455,000	47,998,480	3,042,312	100,495,792
2027	54,820,000	45,974,912	2,814,911	103,609,823
2028	56,960,000	43,900,044	2,661,943	103,521,987
2029	58,505,000	41,718,856	2,502,671	102,726,527
2030	61,495,000	39,249,901	2,336,899	103,081,800
2031	64,195,000	37,031,343	1,918,109	103,144,452
2032	67,045,000	34,728,441	1,475,539	103,248,980
2033	63,750,000	32,347,155	1,013,256	97,110,411
2034	66,475,000	29,953,543	557,329	96,985,872
2035	69,410,000	27,324,311	144,740	96,879,051
2036	69,485,000	24,532,073	(284,941)	93,732,132
2037	72,230,000	21,785,818	(723,192)	93,292,626
2038	75,275,000	18,209,012	(834,642)	92,649,370
2039	78,160,000	14,767,528	(950,550)	91,976,978
2040	81,235,000	10,975,424	(950,550)	91,259,874
2041	50,175,000	7,377,435	(791,460)	56,760,975
2042	51,595,000	6,159,445	(590,070)	57,164,375
2043	35,755,000	4,906,211	(383,864)	40,277,347
2044	36,730,000	3,962,690	(172,716)	40,519,974
2045	35,055,000	2,972,337	-	38,027,337
2046	36,020,000	2,008,325	-	38,028,325
2047	37,010,000	1,017,775	-	38,027,775
	1,587,340,000	940,047,894	46,155,846	2,573,543,740

GRU Swap Agreements

Series	Final Maturity	Outstanding Notional $	GRU Pays		GRU Receives	
2005 B	2021	25,230,000	Floating	SIFMA	Fixed	77.14% 1M LIBOR
2005 C	2026	26,225,000	Fixed	3.20%	Floating	60.36% 10Y LIBOR
2006 A	2026	25,375,000	Fixed	3.22%	Floating	68% 10Y LIBOR -.365%
2007 A	2036	136,545,000	Fixed	3.94%	Floating	SIFMA
2008 B	2038	58,500,000	Fixed	4.23%	Floating	SIFMA
2008 B	2038	31,500,000	Fixed	4.23%	Floating	SIFMA
2017 B GS	2044	105,000,000	Fixed	2.119%	Floating	70% 1M LIBOR
2017 B Citi	2044	45,000,000	Fixed	2.11%	Floating	70% 1M LIBOR
Total		453,375,000				

LIBOR = London Interbank Offering Rate: taxable index
SIFMA = Securities Industry & Financial Markets Association: tax-exempt index

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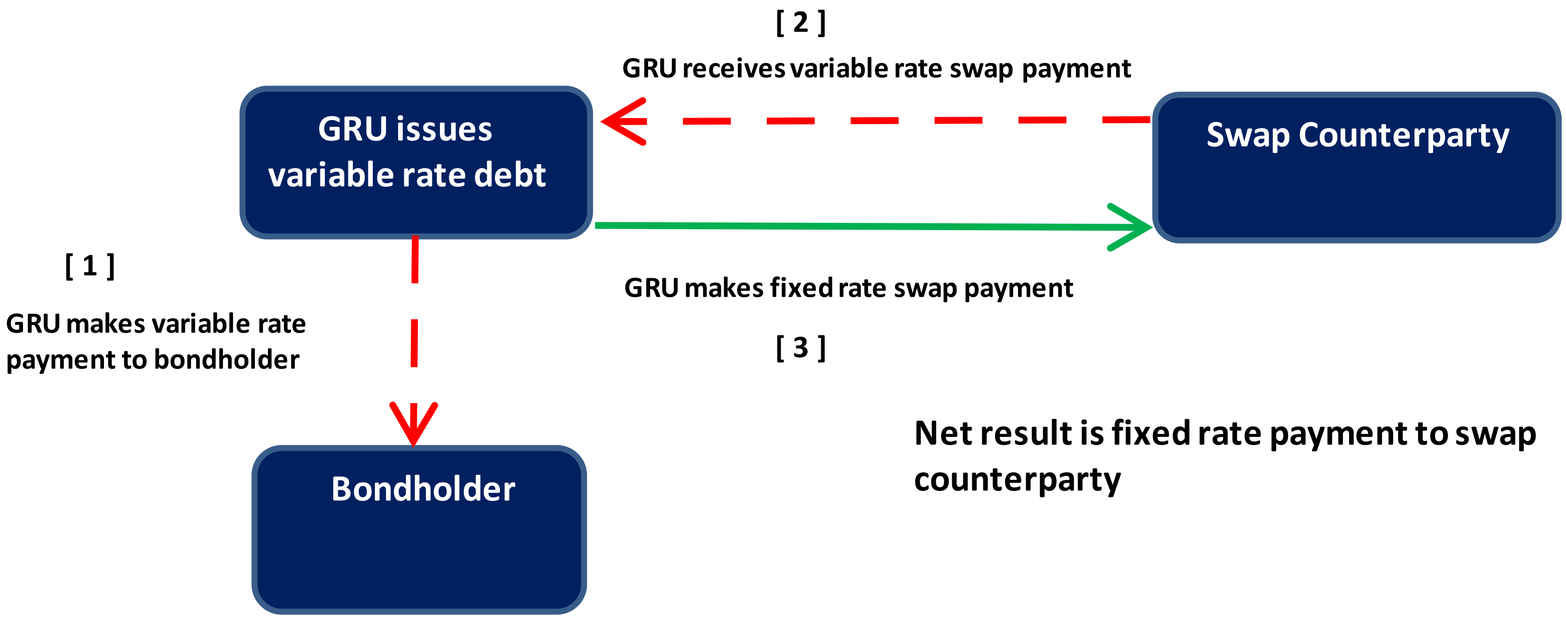
GRU Swap Agreements



Net result is fixed rate payment to swap counterparty

GRU Swap Agreements

Fair Value of Swaps		
	Mark to Market as of	
	9/30/16	9/30/17
2008CP	(424,843)	(116,981)
2005B	(176,117)	32,390
2005C	(2,797,324)	(1,680,388)
2006A	(3,025,803)	(1,814,608)
2007A	(48,323,837)	(34,063,508)
2008B	(32,432,370)	(23,540,985)
	(87,180,294)	(61,184,080)

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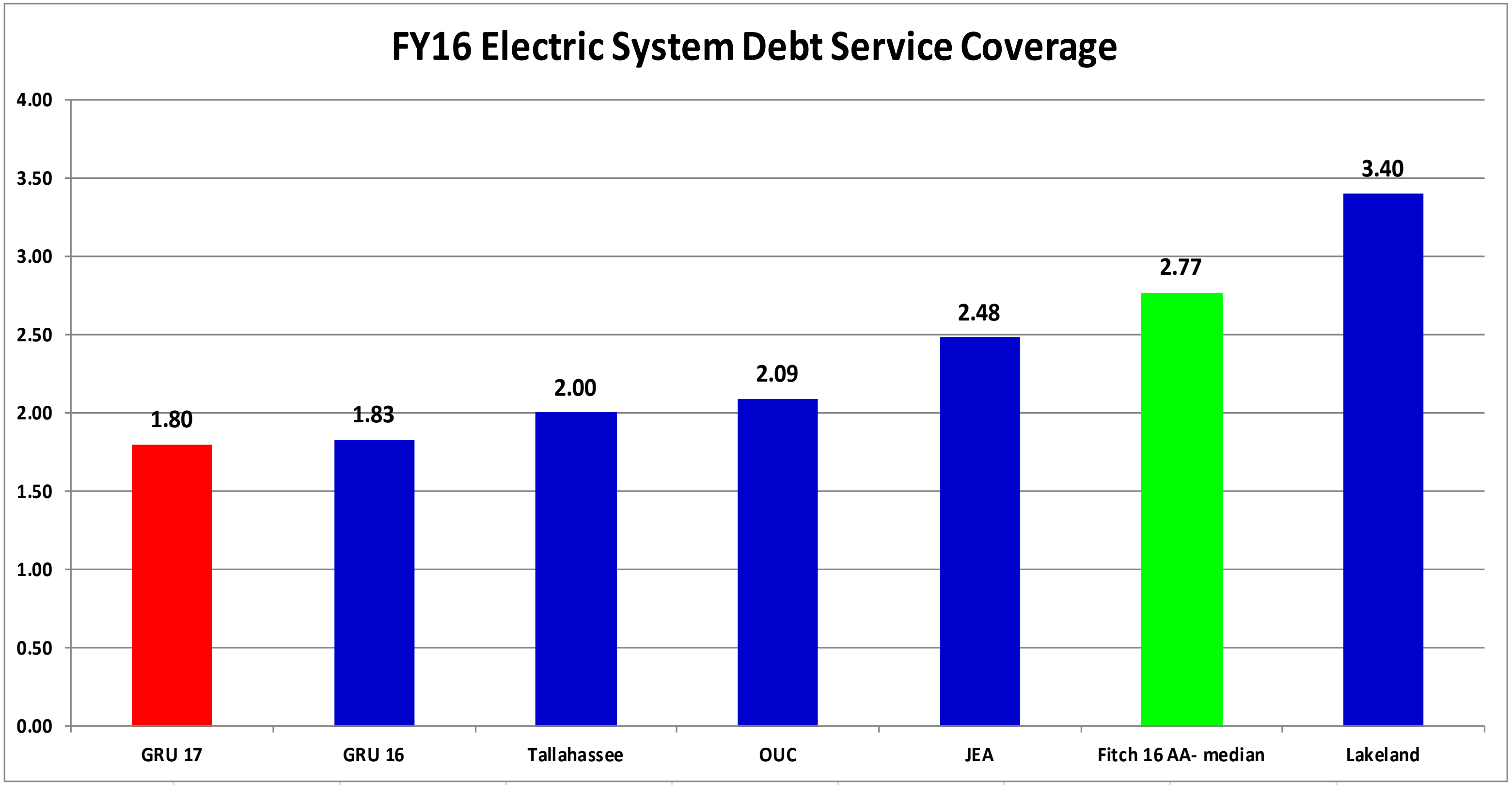
GRU Liquidity Agreements

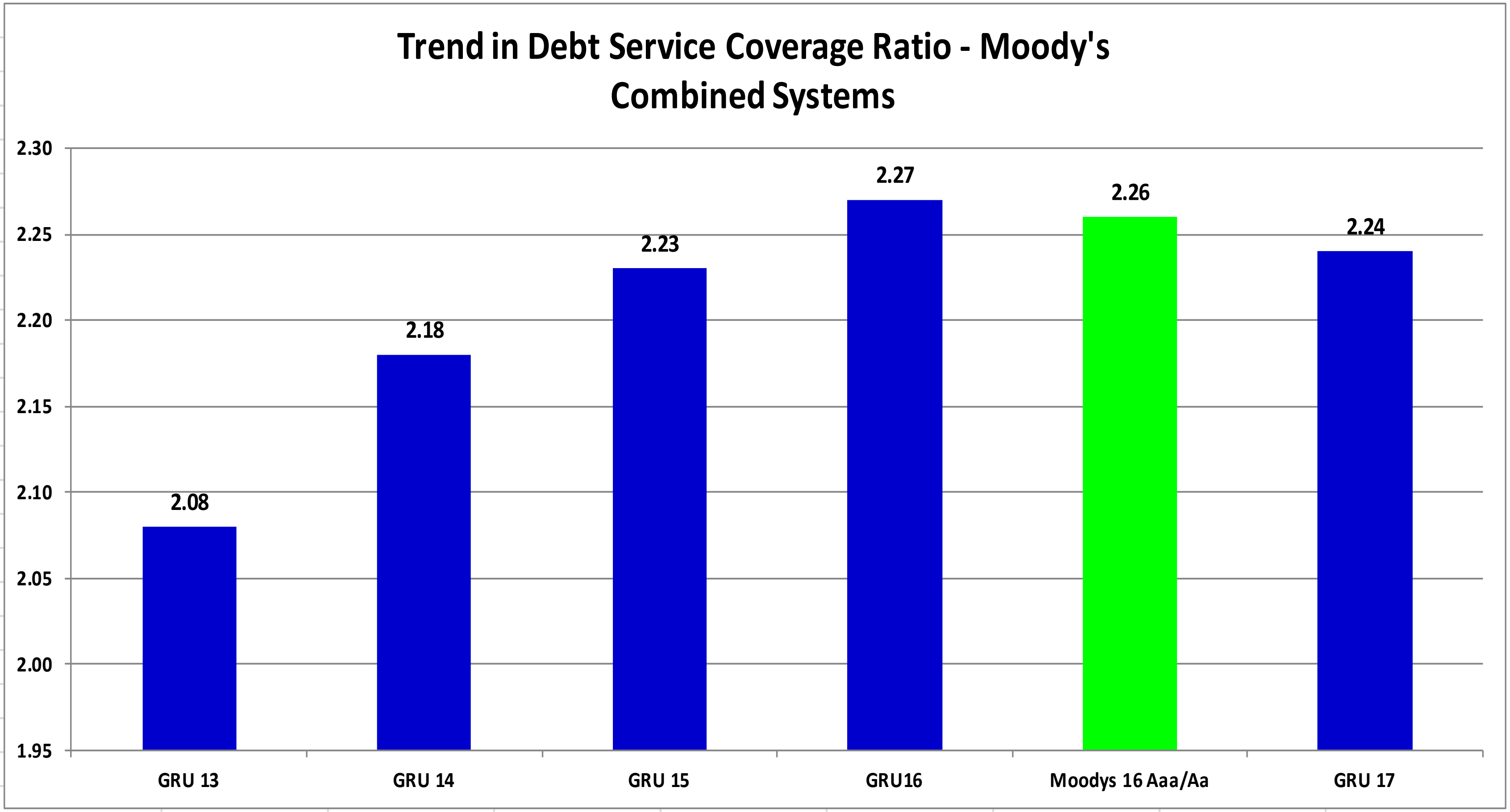
Series	Debt Type	Provider	Expiration Date	Par Outstanding	Fee - Basis Points	Annual Fee
2005 C	Daily VRDO	Helaba	Nov. 24, 2020	26,225,000	29.0	76,052.50
2006 A	Daily VRDO	Helaba	Nov. 24, 2020	18,410,000	29.0	53,389.00
2007 A	Weekly VRDO	State Street	Apr. 1, 2021	136,545,000	46.0	628,107.00
2008 B	Weekly VRDO	Barclays	Jun. 29, 2020	90,000,000	29.0	261,000.00
2008 TECP	Tax-Exempt CP	Bank of America	Nov. 30, 2018	85,000,000	45.0	382,500.00
2012 B	Weekly VRDO	Citibank	Jun. 29, 2020	100,470,000	33.0	331,551.00
Taxable CP	Taxable CP	State Street	Aug. 28, 2020	25,000,000	42.0	105,000.00
						1,837,599.50

VRDO = variable rate demand obligation

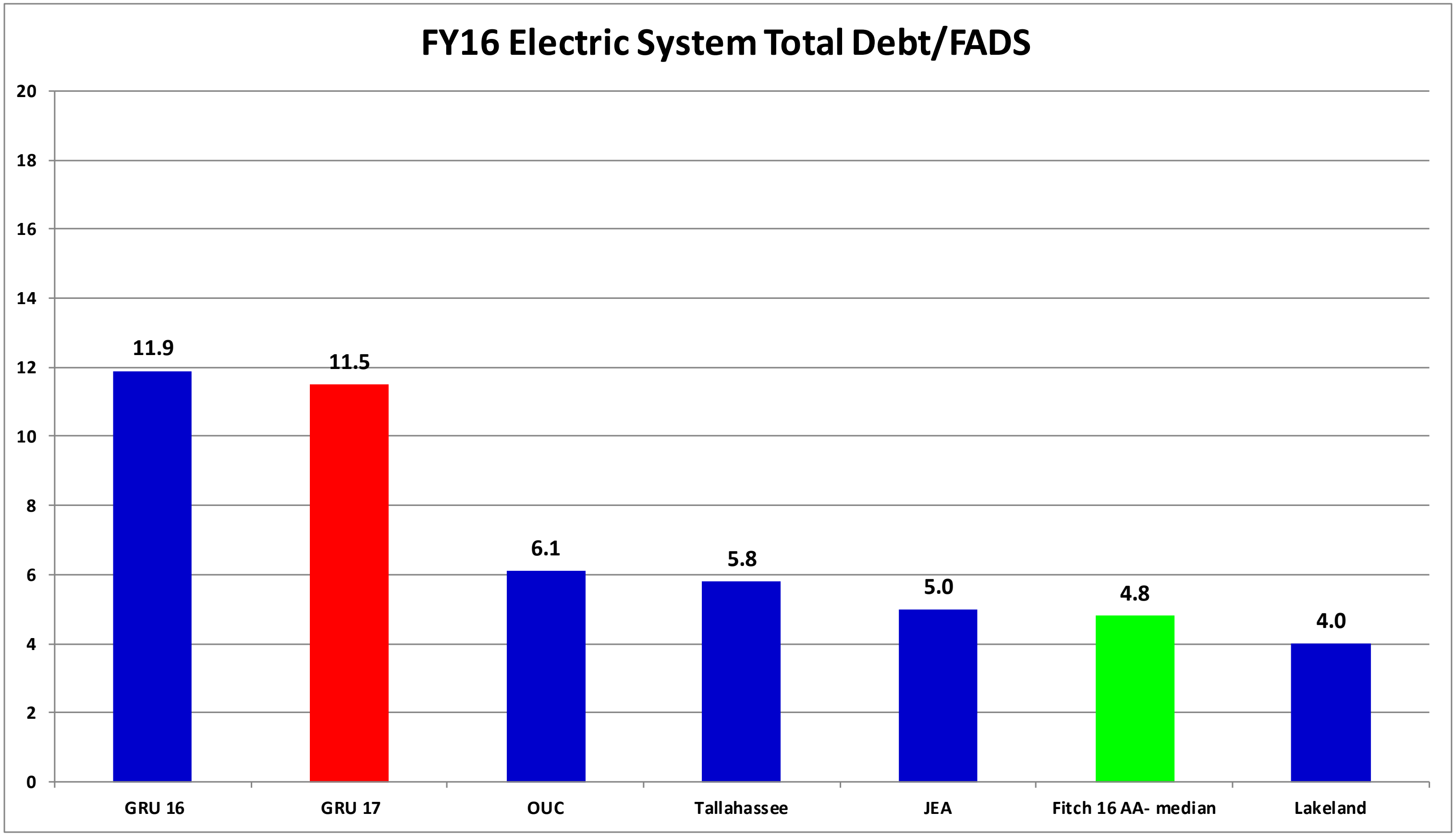
Basis point = one one-hundredth of one percent



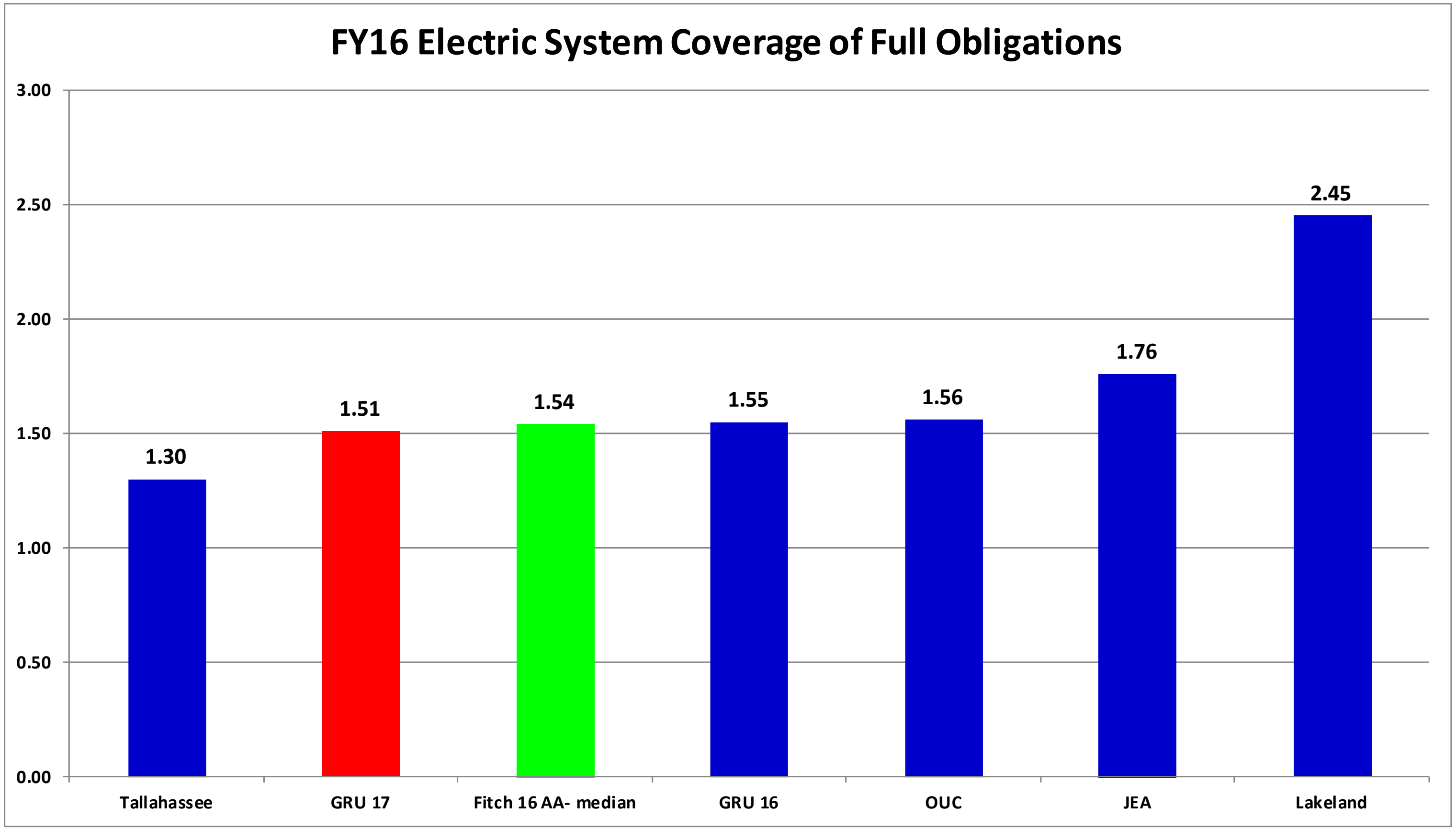
Fitch ratio = Funds Available for Debt Service (FADS)/Annual Debt Service
FADS = operating income, plus depreciation & amortization, interest income, BABS rebates, and minimum payments under the PPA, and less RSF transfers
Annual debt service = principal & interest on long-term debt, plus interest expense on fuel cost under the PPA, plus annual change in capital lease liability
Source: FitchRatings U.S. Public Power Peer Study June 2017



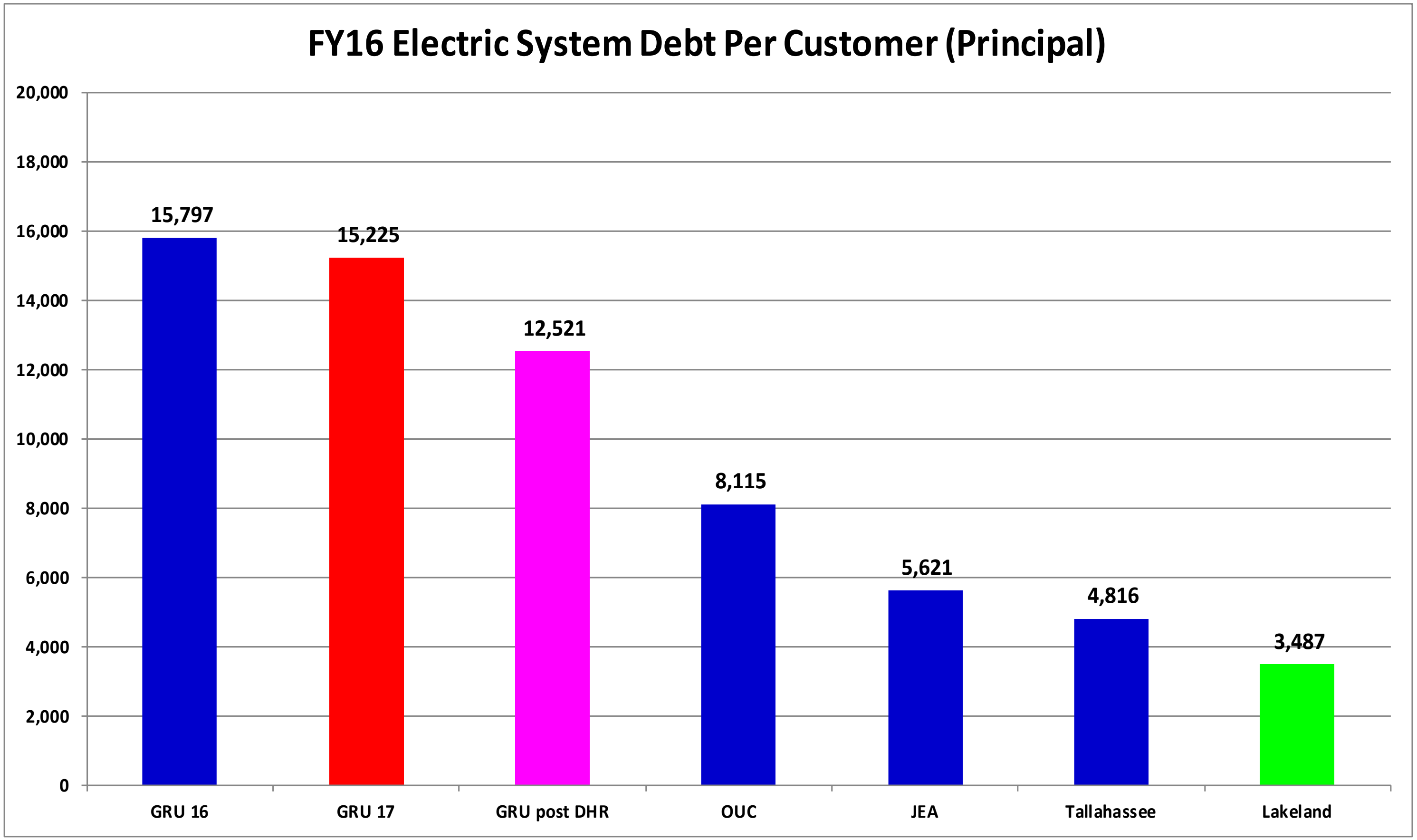
Moody's ratio = Net Revenues /principal & interest requirements for fiscal year



Fitch ratio = Total outstanding principal/ FADS
Source: FitchRatings U.S. Public Power Peer Study June 2017



Fitch ratio = FADS less General Fund Transfer/total annual debt service
Source: FitchRatings U.S. Public Power Peer Study June 2017



Fitch ratio = total outstanding electric system prinicpal/ electric system customers

Source: FitchRatings U.S. Public Power Peer Study June 2017

GRU System Debt Per Customer (Principal)

	Debt	Customers	Per Customer
FYE16			
	Debt	Customers	Per Customer
Electric	1,497,505,175	94,795	15,797
Water	119,323,829	71,546	1,668
Wastewater	144,741,550	64,781	2,234
Gas	63,139,288	34,496	1,830
GRUCom	54,509,100	1,332	40,923
Total	1,879,218,942	266,950	7,040
FY16 Fitch AA- median electric			3,096
FYE17			
	Debt	Customers	Per Customer
Electric	1,465,783,572	96,272	15,225
Water	120,203,922	72,136	1,666
Wastewater	146,738,083	65,591	2,237
Gas	62,419,500	34,942	1,786
GRUCom	52,543,995	1,332	39,447
Total	1,847,689,072	270,273	6,836
1/1/18 Post DHR Transaction			
	Debt	Customers	Per Customer
Electric	1,205,434,500	96,272	12,521
Water	120,203,922	72,136	1,666
Wastewater	146,738,083	65,591	2,237
Gas	62,419,500	34,942	1,786
GRUCom	52,543,995	1,332	39,447
Total	1,587,340,000	270,273	5,873

GRU Proposed Financing Plan

CAPITAL IMPROVEMENT PROGRAM							
	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Commercial Paper	40,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Fixed Rate Bonds			75,000,000		70,000,000		70,000,000
UPIF contribution	48,000,000	40,000,000	39,000,000	48,250,000	41,000,000	46,000,000	43,500,000

UPIF = Utility Plant Improvement Fund

Currently have $40M in tax exempt commercial paper (TECP) authorized but unissued: $85M authorized, $40M issued

Requires expanding the authorized commercial paper line from $85M to $125M prior to FY19 financing

GRU
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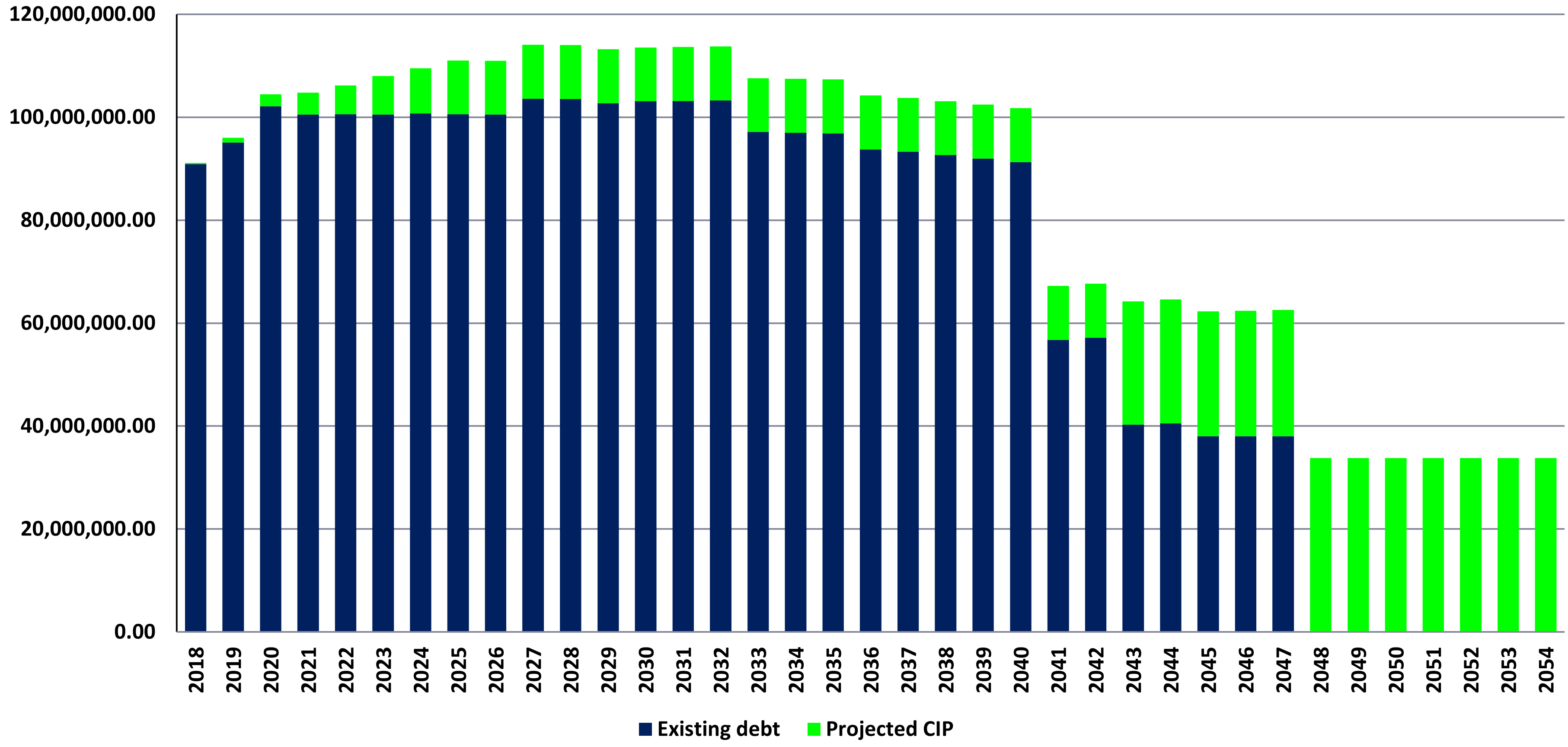
Debt Service Schedule - Total

	EXISTING DEBT				PROJECTED CIP
Fiscal Year	Principal	Interest	Net Swap	Total	TOTAL
2018	27,885,000	57,087,810	5,946,845	90,919,655	168,859
2019	30,935,000	59,014,689	5,123,966	95,073,655	936,254
2020	39,635,000	58,170,449	4,312,310	102,117,759	2,314,067
2021	39,965,000	56,703,451	3,846,673	100,515,124	4,278,267
2022	41,760,000	55,066,928	3,757,096	100,584,024	5,565,070
2023	43,500,000	53,367,588	3,645,774	100,513,362	7,463,017
2024	45,465,000	51,805,994	3,474,489	100,745,483	8,780,750
2025	47,360,000	49,929,926	3,262,969	100,552,895	10,479,950
2026	49,455,000	47,998,480	3,042,312	100,495,792	10,479,950
2027	54,820,000	45,974,912	2,814,911	103,609,823	10,479,950
2028	56,960,000	43,900,044	2,661,943	103,521,987	10,479,950
2029	58,505,000	41,718,856	2,502,671	102,726,527	10,479,950
2030	61,495,000	39,249,901	2,336,899	103,081,800	10,479,950
2031	64,195,000	37,031,343	1,918,109	103,144,452	10,479,950
2032	67,045,000	34,728,441	1,475,539	103,248,980	10,479,950
2033	63,750,000	32,347,155	1,013,256	97,110,411	10,479,950
2034	66,475,000	29,953,543	557,329	96,985,872	10,479,950
2035	69,410,000	27,324,311	144,740	96,879,051	10,479,950
2036	69,485,000	24,532,073	(284,941)	93,732,132	10,479,950
2037	72,230,000	21,785,818	(723,192)	93,292,626	10,479,950
2038	75,275,000	18,209,012	(834,642)	92,649,370	10,479,950
2039	78,160,000	14,767,528	(950,550)	91,976,978	10,479,950
2040	81,235,000	10,975,424	(950,550)	91,259,874	10,479,950
2041	50,175,000	7,377,435	(791,460)	56,760,975	10,479,950
2042	51,595,000	6,159,445	(590,070)	57,164,375	10,479,950
2043	35,755,000	4,906,211	(383,864)	40,277,347	23,969,950
2044	36,730,000	3,962,690	(172,716)	40,519,974	24,105,050
2045	35,055,000	2,972,337	-	38,027,337	24,247,450
2046	36,020,000	2,008,325	-	38,028,325	24,387,050
2047	37,010,000	1,017,775	-	38,027,775	24,533,850
2048					33,792,750
2049					33,797,000
2050					33,796,000
2051					33,797,000
2052					33,796,750
2053					33,797,000
2054					33,794,250
	1,587,340,000	940,047,894	46,155,846	2,573,543,740	575,959,484

GRU[SM]
More than Energy

GRU Principal , Interest & Net Swap Payments
Exising Debt & Proposed Capital Plan through FY2024



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Reserve Targets

- Funds to ensure
  - Meet operating expense demands
  - Fund capital improvements
  - Make debt service payments
- Address unanticipated cost contingencies
- Mitigate rate adjustments

GRU Reserve Targets

RESERVE TARGET	
	Revenue at Risk = 1.75% of Total Revenues Less:
	Rate Stabilization Fund transfers
	Interest income
	Other revenues
	Interchange revenues
	Fuel adjustment revenue
+	60 days of non-fuel O & M expense
+	Property exposure = 2% of Total Insured Value + deductibles
=	Total Reserve Target

AVAILABLE TO MEET RESERVE TARGET
Rate Stabilization Fund balance
60 days of operating cash
Authorized but unissued commercial paper lines
Lines of Credit
UPIF balances in excess of UPIF designated for:
construction projects
debt service

RESERVE STATUS FY18 BUDGET

	Electric	Gas	Water	Wastewater	GRUCom	Total
Reserve $	43,583,556	6,933,546	23,533,973	18,048,210	1,892,267	93,991,552
Reserve Target	33,973,896	3,882,280	9,575,916	10,884,011	3,430,251	61,746,354
Over (Under) Target	9,609,660	3,051,266	13,958,057	7,164,199	(1,537,984)	32,245,198

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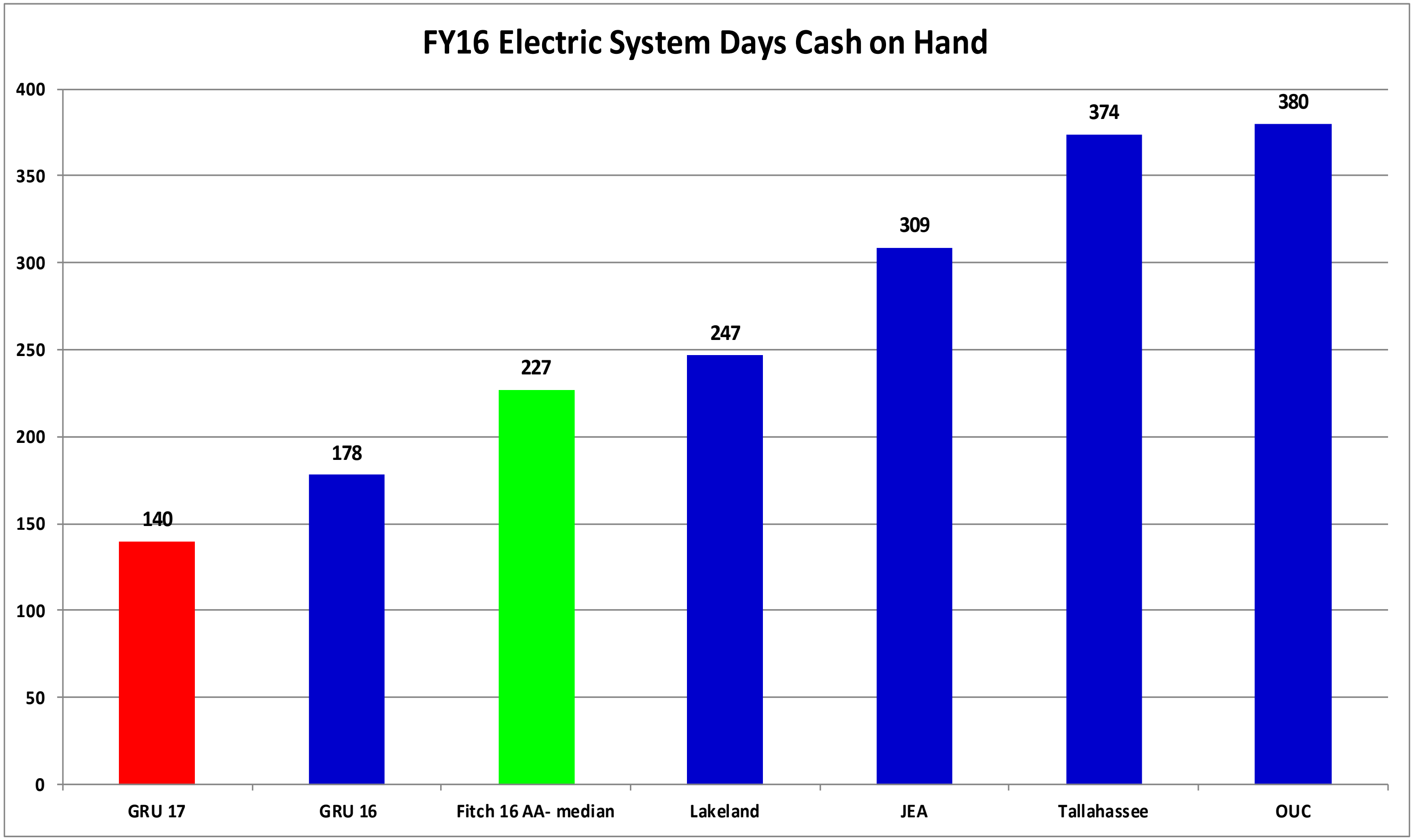

Fitch ratio =(unrestricted funds/(operating expenses - depreciation & amortization)) X 365

Unrestricted funds = operating cash & investments + Rate Stabilzation Fund cash & investments

Source: FitchRatings U.S. Public Power Peer Study June 2017

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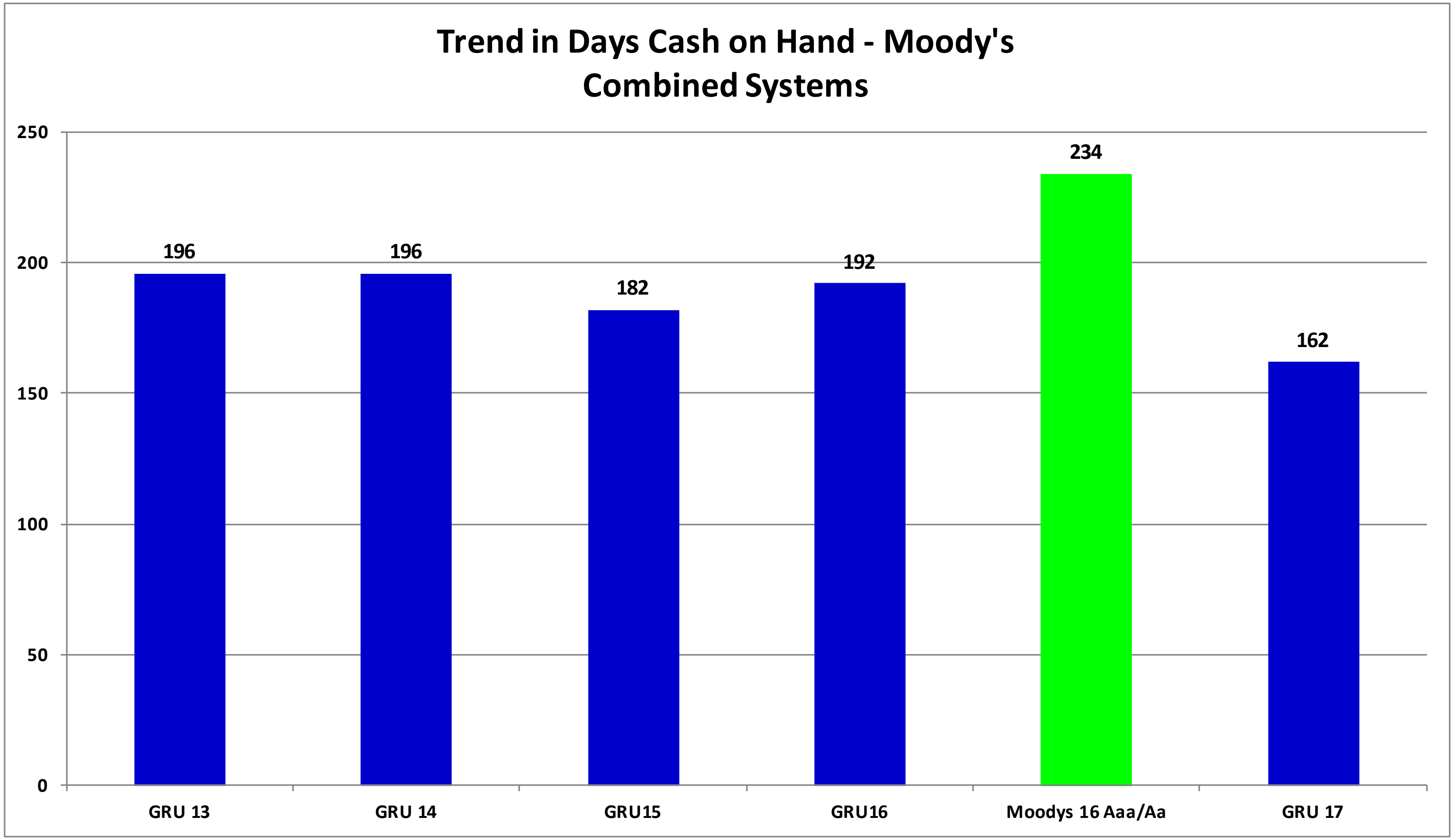
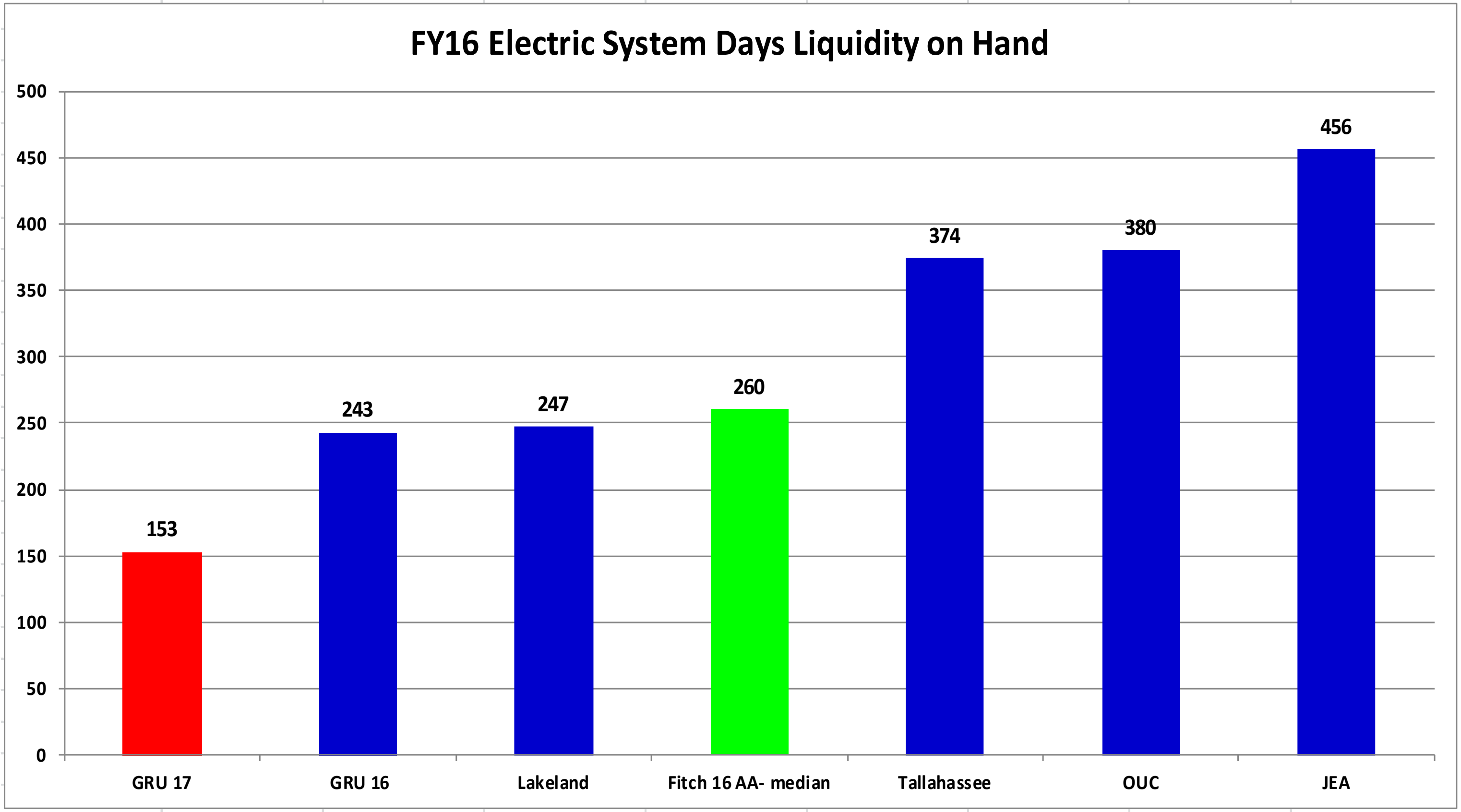
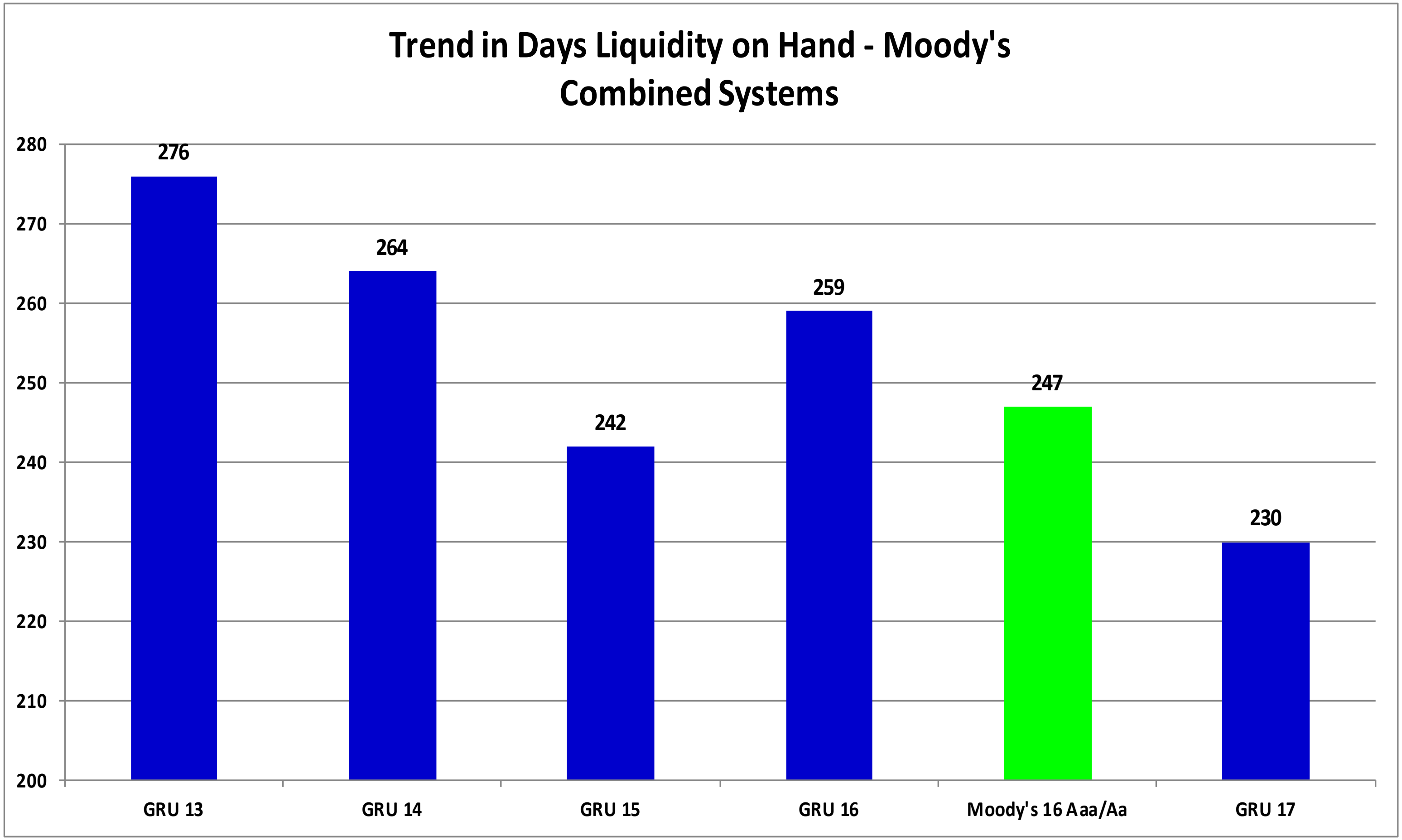


Moody's formula = (Unrestricted Cash & Investments * 365 Days)/ Operating Expense

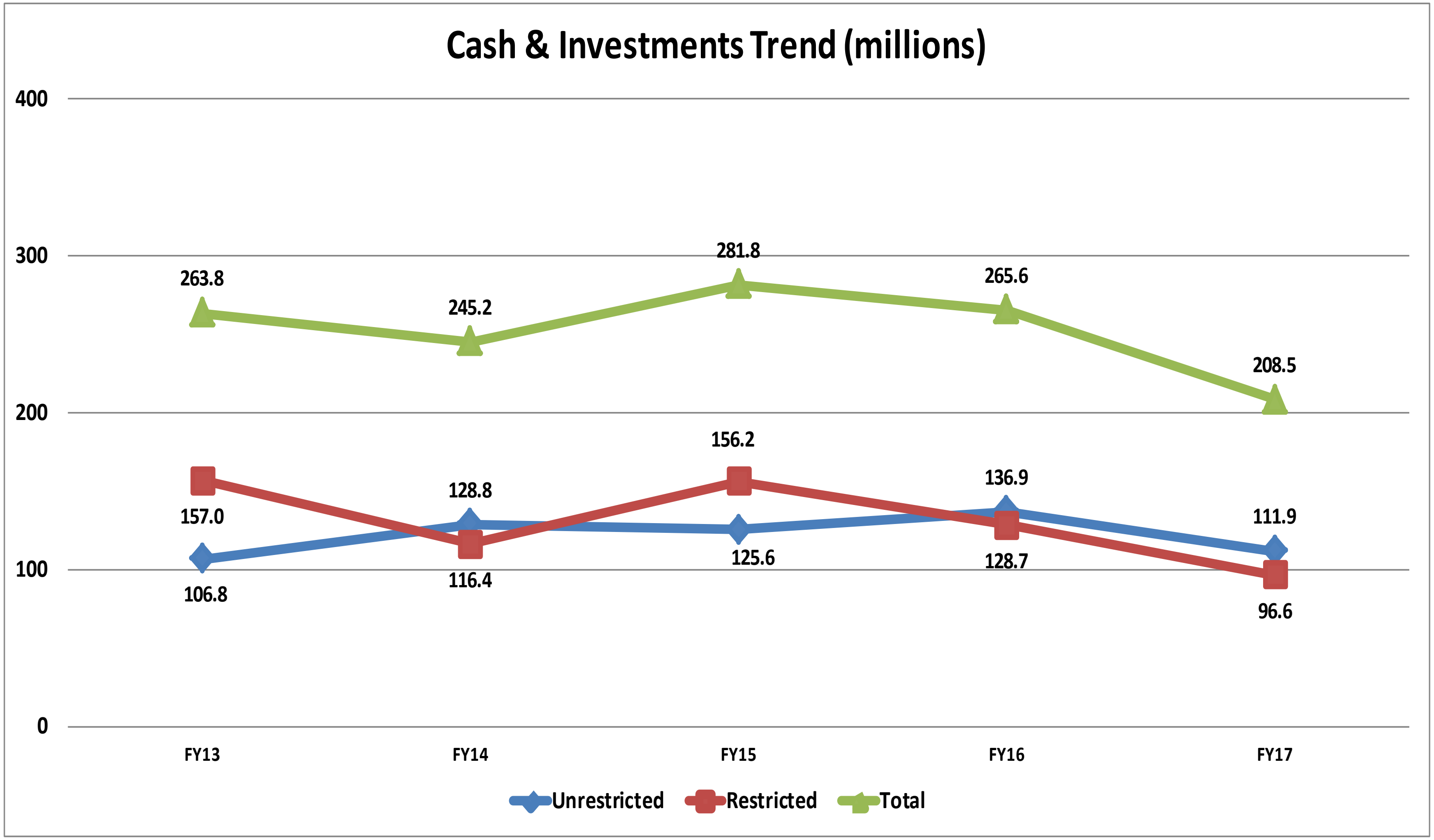


Fitch ratio = ((Unrestricted funds + available lines of credit + commercial paper capacity)/(operating expenses - depreciation & amortization)) X 365

Source: FitchRatings U.S. Public Power Peer Study June 2017



Moody's formula = (Available unrestricted cash & investments + Eligible unused bank lines & unused commercial paper capacity) * 365/ Operating expense



Unrestricted funds: Operating cash & investments + Rate Stabilization Funds

Restricted funds: Utility Meter Deposits, Debt Service, Construction Fund, UPIF

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